IN THE HIGH COURT OF JUDICATURE AT BOMBAY

O.O.C.J.

NOTICE OF MOTION NO.1809 OF 2005

IN

SUIT NO.721 OF 2005

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CELLO PLASTIC INDUSTRIES WORKS
and Anr. ...Plaintiffs

v/s.

Guru Kripa Appliances & Anr. ...Defendants

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Mr.Janak Dwarkadas, Sr.Counsel with Mr.S.H. Jagtiani and Mr.Sagar Divekar i/b Wadia Gandhi & Co. for the Plaintiffs.

Mr.Virag Tulzapurkar with Mr.Salil Shah and Mr.Ramesh Gajaria i/b Gajaria & Co. for the Defendants.

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CORAM: D.K.DESHMUKH, J.

DATED: 20TH NOVEMBER,2006

P.C.:

1. This Notice of Motion is taken out the Plaintiffs. The Plaintiff No.1 is a partnership firm and claims to be a part of the Cello Group of Companies, which are engaged in the business of marketing of a variety of products including plastic insulated wares, hot pots, toothbrushes, mixers and grinders, plastic household articles, plastic molded furniture, pens, stationery items, etc. The Plaintiff No.1 claims to be the owner of the trade mark "CELLO" in various Classes for a variety of goods. Plaintiff No.2 is also a partnership firm carries on business of marketing various products under the trade mark CELLO under licence from the Plaintiff No.1.

2. According to the Plaintiffs, they are part of the Cello Group of Companies which are commonly known as CELLO Group of Companies. The names of those

companies are mentioned in paragraph 3 of the plaint. According to the Plaintiffs, the Plaintiffs Group of companies carry on various business and manufacture and/or market various products from stationery to plastic moulded furniture. According to the Plaintiff, in or about 1961 one of the Partners of the Plaintiff No.1 conceived and adopted the trade mark CELLO for use on its various products and is using the same since then extensively and on a large scale on their products. According to the Plaintiffs, over the years the Cello Group of companies have diversified and started manufacturing and/or marketing various products under the said mark. According to the Plaintiffs, Plaintiff No.1 applied for and obtained registration of the CELLO mark in various classes including Classes 7, 16, 20, 21 and other classes under the Trade & Merchandise marks Act and Rules then prevailing. The Plaintiffs also claim registration of Copy Right in relation to the said mark. According to the Plaintiffs, their mark is highly distinctive mark and by extensive use on various goods, the mark has come to be solely associated with the Plaintiffs. The goods under the Trade Mark CELLO are sold and advertised all over India as well as in foreign countries on large scale

since 1961. According to the Plaintiffs, Plaintiffs in paragraph 8 have given figures of sale of various products under the mark CELLO from the year 1999-2000 to 2003-2004. So far as sales of mixers and grinders are concerned, the Plaintiffs have disclosed figures of sale from 1999-00 to 2004-05. The Plaintiffs state that during the period from 2002 to 2004 they had discontinued the sale of the mixers and grinders, but have again recently commenced the sale of the mixers and grinders under the trade-mark "CELLO". According to the Plaintiffs, Plaintiff No.1 has granted a licence dated 16th September, 1992 in favour of one of their group companies namely "Cello Appliances Ltd." to use the said trade-mark CELLO in respect of grinders and mixers. Mixers and grinders were manufactured and sold by the licencee under the Trade-mark CELLO right upto 1995. According to the Plaintiffs, Plaintiff No.1 granted licence in favour of the Plaintiff No.2 on 1st April, 1996 and under that licence the Plaintiff No.2 started manufacturing and selling mixers and grinders. The Plaintiffs have produced invoices for the period from 1-4-1992 to 31-1-1993 to prove that mixers and grinders under the trade-mark CELLO were manufactured and sold by the Plaintiffs. According to the Plaintiffs, they have

incurred huge expenditure for advertising their trade-mark CELLO in relation to various products. According to the Plaintiffs, mark CELLO exclusively associated with the Plaintiffs by virtue of the extensive use for a number of years.

3. According to the Plaintiffs, in November, 2004 they came to know that the Defendants have started selling their mixers under the trade-mark CELLO. Coming to know of that, they made a police complaint and the police have lodged the prosecution against the Defendants. According to the Plaintiffs, they came to know that the Defendant No.2 is the proprietor of the mark CELLO and that mark is registered in his favour in Class 7 under the Trade and Merchandise Act and that the Defendant No.2 has granted licence in favour of the Defendant No.1 for manufacture and sale of the mixers under that name. According to the Plaintiffs, they have filed a petition for cancellation of registration of the mark "CELLO" in favour of the Defendants. In view of the registration of the mark in favour of the Defendant No.2, the Plaintiffs have filed a suit seeking an order of perpetual injunction on the ground that the Defendants are trying to pass off their products as

that of the Plaintiffs. Though, in the plaint a prayer made for perpetual injunction on the ground of infringement of registered trade-mark, the learned Counsel appearing for the Plaintiffs at the out set stated that the Plaintiffs are pressing for relief only on the ground of passing off. The Plaintiffs in this Notice of Motion are seeking a temporary injunction restraining the Defendants from passing off their mixers and grinders as that of the Plaintiffs.

4. By order dated 19th July, 2005 this court has granted ad-interim order in terms of prayer clause (b) and (c) in favour of the Plaintiffs, which is presently operating.

5. The Defendants have filed their reply and produced the documents. The Plaintiffs apart from producing documents along with plaint have also produced documents with the affidavit and the rejoinder filed by the Plaintiffs.

6. The learned Counsel appearing for the Plaintiffs stated that the Plaintiffs have filed this suit for a perpetual injunction restraining the Defendants from

using the mark "CELLO" for selling their mixers and grinders. According to the Plaintiffs, Plaintiffs are manufacturing and selling various products under the trade-mark CELLO right from the year 1961. The Plaintiffs adopted the mark CELLO in relation to mixers and grinders in the year 1992 and they have been manufacturing and selling mixers and grinders under that trade-mark continuously from 1992, except for the year 2002-03 and 2003-04. According to the learned Counsel, the Plaintiffs have produced documents to show that the Plaintiffs have been actually manufacturing the material namely mixers and grinders and selling it under the said trade-mark. It is further the submission of the Plaintiffs that the Plaintiffs manufacture various products and sale them under the trade-mark Cello. The Plaintiffs have established their reputation in the market by selling various types of products under the trade-mark Cello and the Defendants are trying, in order to take advantage of the reputation of the Plaintiffs, to sell those products under the trade-mark Cello.

7. The learned Counsel appearing for the Plaintiffs has relied on several judgments of this Hon’ble Court as also the Supreme Court in support of his

submission. They are as follows:-

i. AIR 1965 Bom. 35, Consolidated Foods Corporation v/s. Brandon and co.;

ii. 1995 (PTC) 165, Power Control Appliances and ors. v/s. Sumeet Machines Pvt.Ltd.;

iii. 1993 (PTC) 273, Eagle Potteries Pvt.Ltd. v/s. Eagle Flasks Industries Pvt.Ltd.;

iv. 2003 (27) PTC 227, SIA Gems and Jewellery Pvt.Ltd. v/s. SIA Fashion;

v. AIR 1993 Bombay 237, Poddar Tyres Ltd. v/s. Bedrock Sales Corporation Ltd.;

vi. AIR 1996 Bombay 149 Kirloskar Diesel Recon Pvt.Ltd. v/s. Kirloskar Propertary Ltd.;

vii. 1998 PTC (18) (DB), Aktiebolaget Volvo v/s. Volvo Steels Ltd.;

viii. 2004(3)SCC 90, Midas Hygiene Industries (P) Ltd. v/s. Sudhir Bhatia and ors.;

ix. AIR 1995 Delhi 300, N.R.Dongre and ors. v/s. Whirlpool Corporation and ors.;

8. The learned Counsel appearing for the Defendants, on the other hand, submits that the claim of the Plaintiffs that they are manufacturing and selling the mixers and grinders since 1992 cannot be accepted, because except for producing some despatch memos and lorry receipts, the sale figures from the year 1992-93 to 2004-05 have not been produced by the Plaintiffs. Therefore, according to the learned Counsel adverse inference has to be drawn against the Plaintiffs for failing to produce the material which was within the knowledge of the Plaintiffs. It is further submitted that so far as the period from 1992 to 1998 is concerned, there are not even invoices disclosed to show that the product was being manufactured and sold during those years. It is further submitted that so far as the period from 1999 to 2005 is concerned, the total sales disclosed by the Plaintiffs are of Rs.981,475/-. It is submitted that the total sales for the period 1999 to 2005 as per the invoices is significantly lower than the

aggregate sale figure contained in the plaint amounting approximately Rs.639,605/-. It is submitted that perusal of the sale figure of mixers and grinders shows that there were no sales for the year 2002 to 2004. No explanation why sales were discontinued is given. Therefore, adverse inference is to be drawn against the Plaintiffs. The Defendants also refer to the document at Exh.H annexed to the reply which was an advertisement published by the Plaintiffs themselves saying that they do not manufacture and sale mixers and grinders. That advertisement was published on 4th October, 2000. According to the Defendants, thus the Plaintiffs have not been able to establish that they have any reputation as manufacturer and seller of the Cello mixers. It is also pointed out that manufacturing licence relied on by the Plaintiffs is for the period from 1st April, 1992 to 31st March, 1994. No manufacturing licence for the subsequent period is produced. It is further submitted that under the provisions of Household Electrical Appliances (Quality Control) Order, 1981, the seller of mixers cannot sell his mixers without obtaining Quality Control Certificate. It is submitted that the Plaintiffs quot Quality Control Number of

M/s.Encore Industries and that certificate was valid for a period of six months from 20th March, 1992 to 19th September, 1992. If, it is assumed that the Plaintiffs were selling their products , then it is obvious that they were selling it without valid Quality Control Certificate. It is submitted that the requirement of seller obtaining Quality Control Certificate is in the public interest and if the Plaintiff was selling his products without Quality Control Certificate, then his conduct shows that the Plaintiff has no regard for the public interest and therefore such a Plaintiff is not entitled to the grant of any interim order in his favour, which is in the discretion of the Court.

9. It is further submitted that the Plaintiffs are claiming advantage of reputation of selling various products under the trade-mark "CELLO". According to the Plaintiffs themselves, various products under the trade-mark CELLO are manufactured by various group of companies. Therefore, if there is any reputation in relation to those products, it can be claimed by those group of companies and not by the Plaintiffs. It was further submitted that it was argued by the Plaintiffs that the Plaintiffs are manufacturing and

selling other products which are similar to the mixers and grinders, but there are no averments made to that effect in the plaint., and therefore, that argument cannot be considered by the Court.

10. On behalf of Defendants reliance was placed on the following judgments of this Hon'ble Court and the Supreme Court:-

i. Laxmi Kant Patel Vs. Chetanbhai Shah (2002) 3 SCC 65;

ii. Swastik Oil Co. v/s. Anglo Indian Drug Co., AIR 1935 Bombay 101;

iii. Thomas Bear & Sons Vs. Prayay Narain, AIR 1940 P.C. 86;

iv. Sony Vs. Shamrao Maskar, AIR 1985 Bombay 327;

v. Granada Group Co. Ltd. v/s. Ford Motor Co.Ltd. (1973) RPC 49;

vi. Fortum & Mason PLC Vs. Fortan Ltd. (1994) Fleet Street Reports 438 (Ch.Div.);

vii. Consolidated Food Corporation v/s. Brandon & Co. Pvt.Ltd. AIR 1985 S.C. 35;

viii. M/s.S.C.Cumbatta & Co.Pvt.Ltd. vs. Commissioner of Excess Property Tax- AIR 1961 SC 1010;

ix. S.P.Chengalvaraya Naidu v/s. Jagannath- AIR 1994 SC 853;

11. It can now be taken as a settled law that the Plaintiffs in order to succeed in any action of passing off on use of the trade-mark have to establish that the disputed mark has become by user in the country distinctive of the Plaintiff's goods so that the use in relation to any goods of the kind dealt in by the Plaintiff of that mark will be understood by the trade and the public that the goods are the Plaintiff's goods. The three elements of passing-off action are (i) the reputation of goods (ii) possibility of deception and (iii) likelihood of damages to the Plaintiff. The present passing off action has been brought in relation to CELLO mixers and grinders. The claim of the Plaintiffs of

possessing reputation is based firstly on adoption of Cello mark by Plaintiff No.1 in 1961 and manufacture and sale of various products by the Cello group of companies since 1961; secondly manufacture and sale of products which are cognate and allied to the mixers and grinders by the Plaintiff, and thirdly manufacture and sale of mixers and grinders by the Plaintiffs since 1992.

12. So far as first aspect of the matter is concerned, the Plaintiffs in paragraph 3 have given names of various companies which according to the Plaintiffs are the group of companies of the Plaintiffs, who manufacture various goods under the trade-mark CELLO. Thus, the business of manufacture and selling of Cello product is not the business of the Plaintiffs alone, but atleast 10 other companies described as Cello Group of companies. In the plaint or in the affidavit, one does not find details given as to why and how the Plaintiffs call them as group of companies. It goes without saying that even assuming that the companies which are named in paragraph 3 are group companies, they are independent entities and therefore the Plaintiffs cannot claim advantage of the reputation earned by those

companies.

13. At the oral hearing the learned Counsel appearing for the Plaintiffs claims that all the trade-marks are registered in favour of the Plaintiff No.1 and that the Plaintiff No.1 has granted licence in favour of various group of companies for manufacture and sale of products under the trade-mark "CELLO". But the learned counsel could not point out to me averment made to that effect either in the plaint or in the affidavit filed on behalf of the Plaintiffs in the Notice of Motion. In my opinion, in the absence of proper pleadings, the Plaintiffs cannot claim any advantage of the alleged reputation earned by the sale of products under the trade-mark "CELLO". Thus, on the basis of the material available on record the Plaintiffs cannot be allowed to claim advantage of any reputation which the trade-mark "Cello" might have acquired because of sale of various products by other companies.

14. The next aspect is manufacture and sale of products under the trade-mark "Cello" which are cognate or allied to the products in question namely mixers and grinders. It was argued before me that

mixers which is sold under the trade-mark Cello by the Plaintiffs have allied or cognet products which are manufactured and sold by the Plaintiffs. It was urged on behalf of the Defendants that there are no pleadings to this effect to be found in the plaint. The learned Counsel appearing for the Plaintiffs could not point out to me any pleading to that effect in the plaint. He also could not point out a claim made that the kitchenware manufactured and sold under the trade mark Cello are manufactured by the Plaintiffs and are cognet or allied products. In the absence of proper pleadings and proper material placed on record, Plaintiffs can not claim any reputation in relation to the products mixers and grinders on the basis of manufacture and sale of the kitchenware under the trade-mark Cello. Third aspect is reputation acquired by mixers and grinders manufactured and sold by the Plaintiffs under the trade-mark Cello. In so far as this aspect of the matter is concerned, according to the Plaintiffs, Plaintiffs were manufacturing and selling mixers and grinders under the trade-mark "Cello" from 1992. The Plaintiffs in support of their case that they are marketing a mixer under the trade-mark cell have produced a licence granted by Daman Municipal Council

in favour of M/s.Cello Appliances. But that licence to manufacture is valid for the period from 1st April, 1992 to 31st March, 1993. It is true that the Plaintiffs have produced some sales invoices for the year 1992-93, 1993-94. But those invoices by themselves do not establish that the Plaintiffs were carrying on business of manufacture and sale of mixers and grinders under the trade-mark Cello extensively during the year 1992-93 and 1993-94. So far as the period 1995 to 1998 is concerned, not even sales invoices have been produced. What is significant is that if according to the Plaintiffs, the Plaintiffs were marketing mixers and grinders under the trade-mark Cello from the year 1992, then what was the volume of the business from the year 1992 till 1998 is a fact within the special knowledge of the Plaintiff. The volume of the business transacted by the Plaintiffs during those years was a relevant fact for establishing the reputation of the Plaintiffs on which the Plaintiffs are relying. In my opinion, therefore, the Plaintiffs ought to have disclosed the relevant fact to the court. The conduct of the Plaintiffs of withholding the relevant facts from the court makes the Plaintiffs liable for adverse inference being drawn that had the Plaintiffs

disclosed the information about the trade carried on by the Plaintiffs in the mixers and grinders under the trade-mark Cello during the year 1992-93, it would have shown that the Plaintiffs were not carrying on any trade in mixers and grinders under the trade-mark "Cello".

15. Thus, so far as the period from 1992 to 1998 is concerned, minimum that can be said is that the Plaintiffs have not established that they were marketing mixers under the trade-mark Cello, so as to entitle them to any reputation in the market. So far as the period from 1999 to 2002 is concerned, it becomes clear from the averments made in paragraph 8 that according to the Plaintiffs themselves during the year 1999-00 the Plaintiffs sold mixers and grinders worth Rs.2,72,692/-. During the year 2000-01 the Plaintiffs sold mixers and grinders worth Rs.2,96,430/- and during the year 2001-02 mixers were sold worth Rs.3,25,310/-. By no stretch of imagination the business carried in mixers and grinders during the abovesaid three years can be said to be significant and sufficient to creat reputation of the Plaintiffs in the market in relation to mixers and grinders. Though the Plaintiffs admit that they

discontinued their business of selling mixers under the trade-mark Cello during the year 2002-03 and 2003-04, the Plaintiffs have not disclosed any reason why they discontinued the business. It cannot be said that the discontinuation of the business by the Plaintiffs of selling mixers from the year 2002 was totally irrelevant fact. In the facts and circumstances of the case, in my opinion, therefore, the Plaintiffs were under a duty to disclose the reasons because of which they discontinued the business of manufacturing and selling mixers under the trade-mark Cello from the year 2002. Failure of the Plaintiffs to disclose the reasons for discontinuing the business, in my opinion, makes the Plaintiffs liable for drawl of an adverse inference against the Plaintiffs that if they had disclosed the reasons it would have established that they discontinued the business because it was not possible for them to sell any mixer under the trade-mark Cello. The Plaintiffs claim that the Plaintiffs again started selling mixers under the trade-mark Cello from the year 2004-05. According to the Plaintiffs during the entire year 2004-05 they sold the mixers under the trade-mark Cello worth Rs.86,000/-. This can hardly be said to be a

business which will enable the Plaintiffs to acquire any reputation. It thus become clear that so far as the material produced by the Plaintiffs and pleading raised by the Plaintiffs are concerned, the Plaintiffs have miserably failed to establish that the Plaintiffs have acquired any reputation in so far as marketing of mixers and grinders under the trade-mark "Cello" is concerned, of which the Defendants or anybody else will be tempted to take advantage of. As I find that the Plaintiffs have failed to establish that they had acquired any reputation in so far as the marketing of mixers and grinders under the trade-mark Cello, is concerned, therefore no further question requires to be inquired into, because foundation of an action of passing-off is the reputation of the Plaintiffs. It is further to be seen here that it is an admitted position that the Plaintiffs claim that they were marketing mixers from the year 1992 till the year 2005, except the year 2002-03 and 2003-04 and for most of this period the Plaintiffs were not holding certificate which is required to be obtained by a person who wants to sell electric appliances, because of the provisions of the Quality Control Act. It goes without saying that the policy behind framing Quality Control Act is to

ensure that the people who handle the electrical appliances do not get electrical appliances which are not safe and which have not been properly tested. Thus, the requirement of obtaining Quality Control Certificate is in public interest. The Plaintiffs claim to be selling mixers and grinders for a very long time without obtaining the required certificate under the Quality Control Act. Grant of temporary injunction undoubtedly is in the discretion of the court. In my opinion, the conduct of the Plaintiffs of selling mixers and grinders without obtaining requisite Quality Control Certificate shows that the Plaintiffs do not have any regard for public interest. In my opinion, therefore, such Plaintiffs would not be entitled to any interim relief which is in the discretion of the court, because one of the reasons why an order of temporary injunction is made in an action of passing-off is protection of public interest.

16. Taking overall view of the matter, therefore, in my opinion, as the Plaintiffs do not have any prima facie case to maintain their action of passing-off, the Plaintiffs are not entitled to any temporary injunction. Though as observed above judgments from

various courts have been relied on by the both the sides, I do not propose to deal with those judgments, because I find that the Plaintiffs have failed to establish prima facie case that they have established any reputation in relation to the marketing of mixers under the trade-mark "Cello", of which Defendants can be said to be taken advantage by marketing their products under the trade-mark "Cello".

17. For all these reasons, therefore, Notice of Motion is disposed of.

18. At this stage a request is made that the operation of the ad-interim order will be continued for a period of four weeks from today.

. Ad-interim order is admittedly operating for more than a year, in this view of the matter, it is directed that though the Notice of Motion is disposed of by this order, the ad-interim order presently operating shall continue to operate for a period four weeks from today.